

**IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

**ACE AMERICAN INSURANCE COMPANY, et  
al.,**

**Plaintiffs,**

**vs.**

**HUNTSMAN CORPORATION and  
INTERNATIONAL RISK INSURANCE  
COMPANY**

**Defendants.**

**Civil Action No. 4:07-Cv-02796**

**DECLARATION OF LEE S. SKIDMORE**

STATE OF UTAH                    )  
  ) ss:  
COUNTY OF SALT LAKE    )

Lee S. Skidmore, in accordance with 28 U.S.C. § 1746, affirms under penalty of perjury that the following statements are true and correct:

1. I am employed by Huntsman International LLC ("Huntsman International") as the Director of Global Risk Management. I submit this Declaration in support of Defendant Huntsman Corporation's Motion to Dismiss Plaintiffs' claims. Unless otherwise indicated, the statements contained in this affidavit are based on my personal knowledge.

2. Defendant Huntsman Corporation is a publicly-traded company that has a significant number of direct and indirect subsidiaries.

3. Huntsman International is a direct subsidiary of Huntsman Corporation, a defendant in this action. Huntsman International provides shared support services, such as risk

management, legal, tax, and human resources, for Huntsman Corporation and Huntsman International, as well as other direct and indirect subsidiaries of Huntsman Corporation.

4. I also serve as Chairman, President and as a director for International Risk Insurance Company (“IRIC”). IRIC is a captive insurance company solely owned indirectly by Huntsman Corporation. IRIC was organized for the purpose of insuring the liabilities and property of its owner and its owner’s subsidiaries.

5. IRIC has been insuring the Huntsman companies from its creation in 1990. Since 1996, I have had the responsibility of obtaining reinsurance for IRIC’s insurance obligations for the Huntsman companies. Each year when I obtain reinsurance coverage for IRIC’s obligations I do so through the same or similar reinsurance market. It is my understanding that each reinsurer who participates in this reinsurance market is aware that IRIC is a captive insurance company. This understanding was no different when I obtained reinsurance for the insurance policy between Huntsman Corporation and IRIC that is at issue in this lawsuit (the “Huntsman/IRIC Policy”).

6. On September 21, 2007, Huntsman Corporation filed an Original Petition against IRIC in the District Court of Jefferson County, Texas (the “Jefferson County Coverage Action”). It is my understanding that in the Jefferson County Coverage Action, Huntsman Corporation alleges claims for breach of contract, anticipatory breach of contract and seeks declaratory judgment as to certain coverage issues.

7. On October 3, 2007, IRIC invited all of the reinsurance companies who provide reinsurance to IRIC in connection with the Huntsman/IRIC Policy to associate with IRIC in the investigation and defense of the Jefferson County Coverage Action and tendered the defense of this claim to the reinsurance companies to allow them the full and fair opportunity to assert any

and all legitimate defenses to Huntsman Corporation's claims that they believe exist. To date, the reinsurance companies have refused to accept IRIC's offer of tender.

8. I have reviewed the affidavit of Ewan Cresswell of Integra Technical Services Limited, submitted by Plaintiffs in response to Huntsman's motion. In his affidavit, Mr. Cresswell states that John Roberts of AIG (one of the Plaintiffs in this case) called Integra on April 30, 2006 "to notify me [Cresswell] of the retention." To place this statement in proper context, I note that before John Roberts called Integra, I called John Roberts's supervisor on April 29, 2006 and explained to him that Huntsman Corporation and IRIC would like to appoint Integra to adjust Huntsman Corporation's claim for the loss arising out of the April 29, 2006 fire. Thus, Huntsman Corporation and IRIC designated Integra as the adjuster on this claim in cooperation with the reinsurance companies.

Dated: November 6, 2007

  
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Lee S. Skidmore